



GOVERNOR'S HEALTH CARE REFORMS HELP THE SELF-INSURED

THE 20 MILLION CALIFORNIANS WHO BUY INSURANCE OR ARE INSURED THROUGH THEIR EMPLOYER TAKE AN ECONOMIC HIT DUE TO THE BROKEN HEALTH CARE SYSTEM

Insured Californians pay a hidden tax to subsidize care for the uninsured.

The Hidden Tax Constitutes 17 Percent Of Health Care Premiums In California. ("Administration Analysis of 'Cost Shift Hydraulic,'" Dobson, Office Of Governor Arnold Schwarzenegger, December 2006)

- **The Uninsured Are Responsible For "An Approximate 10 Percent Increase" In California's Health Care Premiums.** "In our poorly designed health care system, providers have little choice but to shift costs. This results in an approximate 10 percent increase in health insurance premiums for Californians." (Peter Harbage and Len M. Nichols, Ph.D., New America Foundation, "A Premium Price: The Hidden Costs All Californians Pay In Our Fragmented Health Care System," December 2006)
- **Medi-Cal Underfunding Contributes Another 7 Percent To The Hidden Tax.** ("Administration Analysis of 'Cost Shift Hydraulic,'" Dobson, Office Of Governor Arnold Schwarzenegger, December 2006)

The Hidden Tax Equals \$455 Annually For A Single Person's Premium And \$1,186 For A Family's Premium. (Peter Harbage and Len M. Nichols, Ph.D., New America Foundation, "A Premium Price: The Hidden Costs All Californians Pay In Our Fragmented Health Care System," December 2006)

BILLIONS OF DOLLARS IN UNPAID MEDICAL BILLS ARE PASSED ON TO THE INSURED

This means higher deductibles, higher premiums and higher co-pays for the insured.

Health Care Providers Are Shifting The Cost Of Caring For The Uninsured—Unpaid Medical Bills—Onto Californians With Insurance. "When medical bills go unpaid, many health care providers shift the costs onto those who can pay—those with health insurance." (Peter Harbage and Len M. Nichols, Ph.D., "A Premium Price: The Hidden Costs All Californians Pay In Our Fragmented Health Care System," New America Foundation, December 2006)

Health Care Providers Inflate Costs To Compensate For Caring For The Uninsured. "Providers do not have unlimited pockets to secretly finance the health care provided to millions of uninsured (and underinsured) patients. Hospitals and physicians anticipate the fact that the uninsured will seek care each year. They prepare for this reality by setting prices for the insured that are higher than expected costs." (Peter Harbage and Len M. Nichols, Ph.D., "A Premium Price: The Hidden Costs All Californians Pay In Our Fragmented Health Care System," New America Foundation, December 2006)

The Uninsured Put Off Medical Care Until They End Up In ERs. "Currently one in five Californians – roughly 7 million people – have absolutely no health insurance. Without it, many people simply put off medical care until they end up in the ER – much sicker and requiring more care than they would have had they been visiting a doctor on a regular basis." (Dr. Barry Simon, "Emergency Rooms On Front Line Of Health Care," Contra Costa Times, 12/22/06)

- **Emergency Rooms Are By Far The Most Expensive Means Of Routine Care.** The cost of medical care for treating a patient with strep throat is \$91 at a doctor's office and \$72 at a retail clinic, but \$328 in an emergency room, according to a study by Health Partners conducted in 2005. (California HealthCare Foundation, "Health Care In The Express Lane: The Emergence Of Retail Clinics," July 2006)

CALIFORNIANS WORRY ABOUT AFFORDING AND KEEPING HEALTH INSURANCE

Insurance experts call these people the "Worried Well."

Three In Four Voters Worry About Being Able To Pay Medical Bills Due To A Major Illness Or Injury. "For example, greater than three in four voters (77%) worry that they might not be able to pay for the costs of a major illness and injury, and another 75% are concerned about employers potentially cutting back on the amount they

contribute for a worker's health care." (The Field Poll, "California Voter Views Of The Health Care System (Part 1 of 2)," Field Research Corporation, 01/03/07)

"The Possibility Of Not Having Or Losing Health Care Coverage Troubles Seven In Ten (71%)." (The Field Poll, "California Voter Views Of The Health Care System (Part 1 of 2)," Field Research Corporation, 01/03/07)

71 Percent Are Worried About The Rising Costs Of Health Care Premiums, Deductibles, Co-Payments. "A similar majority (71%) is worried about being able to pay the costs of their health care premiums, deductibles and co-payments. Concerns about having access to quality doctors and health service services (68%) or having to wait or put off getting needed care (67%) are also cited by greater than two in three voters statewide." (The Field Poll, "California Voter Views Of The Health Care System (Part 1 of 2)," Field Research Corporation, 01/03/07)

62 Percent Fear A Pre-Existing Condition Will Prevent Them From Obtaining Affordable Health Insurance. "The inability to pay for needed prescription drugs (64%) or not being able to obtain affordable health insurance due to a pre-existing health condition (62%) is also seen a possible problem by more than six in ten. (The Field Poll, "California Voter Views Of The Health Care System (Part 1 of 2)," Field Research Corporation, 01/03/07)

"Over 75 Percent" Of Those Filing Medical-Related Bankruptcies Had Health Insurance At The Onset Of Their Illness. "Supporters note that recent studies have found that nearly half of all personal bankruptcies in the US are related to medical causes, that those facing bankruptcy due to medical costs face average out-of-pocket costs of nearly \$12,000, and that over 75 percent have health insurance at the onset of their illness." (Senate Rules Committee, Senate Floor Analysis, Senate Bill 840, 5/24/05)

- **Harvard Medical School Professor Himmelstein: No American is safe from medical bankruptcy.** *"I think the message that we take away is, really, nobody is safe in our country. Short of (Microsoft Chairman) Bill Gates, if you're sick enough long enough, you're likely to be financially ruined," cautioned study author Dr. David Himmelstein, an associate professor of medicine at Harvard Medical School. 'We're all one serious illness away from bankruptcy,' he added." (Karen Pallarito, "Health Medical Problems Cause Half of Personal Bankruptcies," Forbes.com, 02/02/05)*

HEALTH CARE COSTS CONTINUE TO SKYROCKET

Californians insured through their employer—and those who are self-insured—bear the brunt of cost increases.

The Cost Of Employer-Based Health Care Continues To Outpace Both Inflation And Wage Growth. (Jean Yoon, E. Richard Brown, Shana Alex Lavarreda and Sungching Glenn, Health Policy Research Brief: "One In Five Californians Were Uninsured In 2005 Despite Modest Gains In Coverage," UCLA Center for Health Policy Research, 10/2006)

HMO Premiums Rose "Nearly 50 Percent" Between 1997 And 2002. (Dana P. Goldman, Elizabeth A. McGlynn, "U.S. Health Care: Facts About Cost, Access, And Quality, The Rand Corporation, 2005)

Annual Increase In Health Insurance Costs Has Averaged 11 Percent Nationwide. (Dana P. Goldman, Elizabeth A. McGlynn, "U.S. Health Care: Facts About Cost, Access, And Quality, The Rand Corporation, 2005)

GREATER TRANSPARENCY WILL HELP IMPROVE CARE AND REDUCE COSTS

Reliable information regarding cost and quality enables consumers to make informed choices among doctors and hospitals, which, in turn, create incentives to improve care and lower costs.

Enhancing Quality And Efficiency Will Help Achieve Long-Term Affordability. "Other key components for achieving long-term affordability include: ... Enhance health care quality and efficiency: Provide a one-stop resource for information on health plan performance through the Office of the Patient Advocate website (www.opa.ca.gov) to increase the transparency of quality of care and access to other information to help inform consumers. Expand and strengthen the ability of the Office of Statewide Health Planning and Development to collect, integrate, and distribute data on health outcomes, costs, utilization, and pricing for use by providers, purchasers, and consumers so that additional health care data is available to inform and drive decision-making. Partner with private and public sector purchasers to promote the measurement and reporting of provider performance and the aggregation of data for quality improvement, pay for performance, and consumer choice." (Office of Governor Arnold Schwarzenegger, "[Governor Schwarzenegger's Health Care Proposal](#)," 01/08/07)